

Message Text

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C O N F I D E N T I A L SECTION 1 OF 4 USNATO 4245

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TAGS: PFOR, NATO, YO

SUBJECT: NATO INTERNATIONAL STAFF PAPER ON THE SITUATION IN
YUGOSLAVIA

REF: A) USNATO 3727

B) STATE 133078

C) BELGRADE 2981

QUOTED BELOW IS TEXT OF FINAL VERSION OF IS REPORT ON THE
SITUATION IN YUGOSLAVIA POLADS(74)12(FINAL), REVISED IN THE
LIGHT OF COMMENTS AND CONTRIBUTIONS PROVIDED BY VARIOUS
DELEGATIONS INCLUDING THOSE IN REFS B AND C.

BEGIN TEXT:

THE SITUATION IN YUGOSLAVIA

I. POLITICAL DEVELOPMENTS

1. THE CONSTITUTIONAL AMENDMENTS ADOPTED IN JULY 1971 WERE
REGARDED AS AN IMPORTANT MILESTONE ON THE ROAD TO THE CREATION
OF A GENUINE FEDERALISM IN YUGOSLAVIA THAT HAD BEEN IN PROCESS OF
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EVOLUTION SINCE THE 1950'S. THE CHANGES, INCLUDING CREATION OF THE
PRESIDENCY OF THE SFRY, WERE INTENDED TO PUT AN END TO THE
DISPUTES WHICH HAD TRADITIONALLY FLARED UP BETWEEN THE VARIOUS
REPUBLICS AND NATIONALITIES, PARTICULARLY WHEN THEIR ECONOMIC

INTERESTS WERE AT STAKE. HOWEVER, THE REFORMED FEDERAL MACHINERY DESIGNED TO PERMIT CONCERTED ACTION FAILED TO WORK AS PLANNED AND THERE WAS VIRTUAL PARALYSIS IN DECISION-MAKING ON IMPORTANT ISSUES IN THE TOP FEDERAL GOVERNMENT BODIES. THE SITUATION WAS CHARACTERIZED BY RESURGENT NATIONALISM, TENDENCIES TOWARD REPUBLIC AUTARKY AND SEPARATISM, AND AN ATMOSPHERE OF EUPHORIA AND LICENCE IN WHICH EXTREMES OF SPEECH AND ACTION THREATENED THE VIABILITY OF THE YUGOSLAV FEDERATION. DESPITE TITO'S REPEATED INJUNCTIONS, THE PARTY BECAME FEDERALIZED INTO SIX REPUBLIC PARTIES AND ITS AUTHORITY CONTINUED TO RECEDE, WHILE IMPORTANT NON-PARTY ELEMENTS CAME TO BELIEVE THAT THE COUNTRY COULD DO WELL WITHOUT THE DIRECTIONS OR EVEN THE EXISTENCE OF THE PARTY. BY LATE 1972 TITO HAD LITTLE ALTERNATIVE BUT TO MAKE A RADICAL POLITICAL CHANGE IN ORDER TO PUT THE FEDERAL PARTY BACK IN THE SADDLE AS A PROTECTOR OF SOCIALISM AND NATIONAL COHESION IN YUGOSLAVIA, PARTICULARLY IN THE POST-TITO ERA.

2. FOLLOWING THE PURGE OF THE CROAT PARTY LEADERSHIP IN DECEMBER 1971, AND THE ADOPTION BY THE SECOND LCY CONFERENCE IN JANUARY 1972 OF THE ACTION PROGRAMME, WHICH WAS SUBSEQUENTLY LARGELY DISREGARDED, PRESIDENT TITO AND THE EXECUTIVE BUREAU ON 18TH OCTOBER, 1972 PUBLICIZED A LETTER TO ALL PARTY MEMBERS. THIS LETTER FORMALLY TRIGGERED A CAMPAIGN TO ENFORCE DISCIPLINE IN ACCORDANCE WITH THE PRINCIPLES OF "DEMOCRATIC CENTRALISM". THE CHANGES WERE GREATEST WITHIN THE PARTY ITSELF. A SUBSTANTIAL NUMBER OF "TECHNOCRATS", "LIBERALS" OR "ANARCHO-LIBERALS", "NATIONALISTS", "PETITS-BOURGEOIS" AND OTHER DEVIATIONISTS WERE EXCLUDED ON THE GROUNDS THAT THEY HAD TAKEN ADVANTAGE OF SELF-MANAGEMENT OR OF POWER AND HAD IN SOME CASES ENGAGED IN "FRACTIONISM" AND EVEN IN "ENEMY ACTIVITIES". MARSHAL TITO WAS DETERMINED THAT THE LEAGUE SHOULD APPEAR, AT ITS 10TH CONGRESS AT THE END OF MAY 1974, AS A UNITED POLITICAL AND IDEOLOGICAL ORGANIZATION, IN THE REVOLUTIONARY VANGUARD OF THE WORKING CLASS AND OF ALL THE YUGOSLAV PEOPLES AND NATIONALITIES.

3. FOLLOWING THE DISMISSAL OF THE CROAT PARTY LEADERSHIP FOR NATIONALISM, TWO TOP SERBIAN PARTY LEADERS WERE FORCED TO CONFIDENTIAL

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RESIGN IN OCTOBER 1972 FOR BEING TOO "LIBERAL". SUBSEQUENT PURGES FOCUSED MAINLY ON SLOVENIA, THE VOJVODINA, AND THE BELGRADE CITY PARTY ORGANIZATION, AFFECTING A VEBY OF PARTY AND GOVERNMENT OFFICIALS. REPEATED REFERENCES WERE MADE IN SPEECHES BY PARTY LEADERS AND IN PARTY DOCUMENTS TO "RESISTANCE CENTRES" WHICH HAD BEEN WIPED OUT; THESE CENTRES WERE CLAIMED TO EMBODY EITHER A "SO-CALLED ANARCHIST AND DESTRUCTIVE LEFT" OR A "REACTIONARY RIGHT". PENALTIES RANGING FROM "COMRADELY CRITICISM" TO EXPULSION PURE AND SIMPLE FROM THE COMMUNIST LEAGUE HAVE BEEN INFLICTED BOTH ON INDIVIDUALS AND ON GROUPS.

4. THE PURGING OF THE COMMUNIST LEAGUE HAS BEEN CONDUCTED IN PARALLEL WITH AN "IDEOLOGICAL OFFENSIVE". THIS HAS TAKEN

A NUMBER OF FORMS BUT THE AIM IS TO RETURN THE PARTY TO ITS FORMER LEADING ROLE IN THE YUGOSLAV SOCIETY AND TO INJECT MORE OF YUGOSLAVIA'S SOCIALIST IDEOLOGY INTO EDUCATION AND THE MEDIA. ALL SECTORS OF PUBLIC LIFE HAVE BEEN AFFECTED: THE PRESS, WHICH HAS BEEN REMINDED THAT THE JOURNALIST'S TRADE IS A "POLITICAL PROFESSION", PUBLISHING, LITERATURE, THE CINEMA AND THE PLASTIC ARTS, WHERE NON-CONFORMISTS ARE REPORTED TO HAVE SEPARATED AESTHETICS FROM IDEOLOGY. THE IDEOLOGICAL OFFENSIVE HAS BEEN EVEN MORE DETERMINED IN THE FIELDS OF EDUCATION AND TEACHING: MARXISM, NOT AMONG COMPULSORY COURSES IN SCHOOLS SINCE THE 1950'S, IS NOW BEING REINTRODUCED. THE GENERAL TIGHTENING UP HAS ALSO HAD REPERCUSSIONS ON RELATIONS BETWEEN CHURCH AND STATE WITH THE PARTY LEADERS ACCUSING THE FORMER OF HAVING, DURING THE PERIOD OF "NATIONALISM AND LIBERALISM", ABUSED ITS POSITION BY INTERFERING IN POLITICAL MATTERS. IN THIS "IDEOLOGICAL OFFENSIVE AGAINST DEVIATIONIST ELEMENTS", THE COMMUNIST LEAGUE HAS HAD PARTICULAR DIFFICULTY WITH THE "LEFTIST, ANARCHIST AND NIHILIST ELEMENTS" IN THE BELGRADE FACULTY OF PHILOSOPHY AND WITH THE EDITORIAL BOARD OF "PRAXIS", THE MARXIST PHILOSOPHICAL REVIEW PUBLISHED IN ZAGREB. HOWEVER, WHILE THE PRESS IS NOT AS FREE AS IT WAS TWO YEARS AGO, ITS RETURN TO CONFORMITY IS NOT SUCH THAT ITS READERSHIP IS NOW BOXED IN BY A CAREFULLY PREFABRICATED VISION OF THE WORLD. IN ADDITION, THE PARTY HAS STILL NOT BEEN ABLE TO DISMISS THE EIGHT MEMBERS OF THE ACADEMIC STAFF IN THE BELGRADE FACULTY OF PHILOSOPHY WHO HAVE THE STAUNCH SUPPORT OF THEIR STUDENTS AND OF THEIR COLLEAGUES IN ZAGREB AND LJUBLJANA.

5. JUDGING FROM CERTAIN SIGNS WHICH APPEARED DURING THE
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EARLY MONTHS OF THE YEAR, THE YUGOSLAV AUTHORITIES MAY NOW BE FEARING THAT THE WHOLE PROCESS IS GETTING OUT OF HAND AND AN OFFICIALLY INSPIRED CAMPAIGN SEEMS TO HAVE BEEN LAUNCHED AGAINST THE HARD-LINERS, ACCUSED OF NEO-STALINISM. THIS SWING OF THE PENDULUM IS PARTICULARLY NOTICEABLE IN THE FIELD OF CULTURAL ACTIVITIES WHERE A TOUCH OF THE BRAKE HAS EASED THE OPPRESSIVE ATMOSPHERE WHICH REIGNED AT THE END OF 1973. IT HAS BEEN FOLLOWED BY WARNINGS FROM THE LEAGUE LEADERSHIP TO THOSE WHO "HANKER FOR A RETURN TO AN ALL POWERFUL PARTY". MR. DOLANC, SECRETARY OF THE EXECUTIVE BUREAU, SPEAKING ON TELEVISION RECENTLY, CRITICISED THOSE WHO WANTED TO TURN THE COMMUNIST LEAGUE INTO AN ADMINISTRATIVE OVERLORD OF SOCIETY AT THE EXPENSE OF SELF-MANAGEMENT.

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II. ECONOMIC SITUATION

6. ECONOMIC STABILITY IS ESSENTIAL TO INTERNAL COHESION AND TO THE COUNTRY'S STANDING INTERNATIONALLY. THE STABILIZING MEASURES WHICH HAVE BEEN APPLIED SINCE 1971 HAVE HAD CERTAIN POSITIVE EFFECTS ON FOREIGN TRADE: THE EXPORT AND IMPORT SITUATION WAS MORE FAVOURABLE AND INVISIBLE EARNINGS IN THE FORM OF TOURISM AND THE REPATRIATION OF FUNDS BY IMMIGRANT WORKERS, REACHED RECORD LEVELS; AT THE END OF 1973 CURRENCY RESERVES TOTALLED SOME \$1,700 MILLION. IN CONTRAST, THE POLICY OF AUSTERITY WHICH WAS DESIGNED TO KEEP DOWN INCOMES AND EXPENDITURE HAS BEEN UNABLE TO PUT A STOP TO THE HIGH RATES OF INFLATION OVER THE PAST FEW YEARS. IN JANUARY 1973, THE GOVERNMENT NONETHELESS INTRODUCED A NEW SERIES OF STABILIZING MEASURES PROVIDING EITHER FOR A WAGE FREEZE OR FOR A 10 PERCENT CUT IN PAY PACKETS FOR TWO MILLION WORKERS; NEW MACHINERY FOR PRICE CONTROL BY AGREEMENT BETWEEN PRODUCERS AND CONSUMERS; CUTS IN BUDGETARY EXPENDITURE AND A DRIVE TO ENCOURAGE "INDIVIDUAL CONTRIBUTIONS" TO A STABILIZATION FUND. THE STRUGGLE AGAINST THE IMBALANCES IN THE ECONOMY IS HOWEVER STILL BEING UNDERMINED BY STRUCTURAL FACTORS SUCH AS LIQUIDITY SHORTAGES IN ENTERPRISES, THE SHORTAGE OF SKILLED LABOUR, UNDER-INVESTMENT AND THE INADEQUATE ADAPTATION OF SUPPLY TO DEMAND.

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7. OFFICIAL STATISTICS FOR THE FIRST FOUR MONTHS OF 1974 DISCLOSE SIGNIFICANT IMPROVEMENTS IN SOME KEY ECONOMIC INDICATORS: INDUSTRIAL PRODUCTION IS UP 10.2 PER CENT IN REAL TERMS, REFLECTING RESURGENCY IN INVESTMENT ACTIVITY DUE TO IMPROVED ENTERPRISE LIQUIDITY, STRONG EXPORT, AND GOOD DOMESTIC CONSUMER DEMAND. INDUSTRIAL PRODUCTION HAS NOT GROWN AT SUCH A FAST PACE SINCE 1969. GNP AT CONSTANT PRICES IS RISING AT SLIGHTLY BETTER THAN THE SIX PER CENT AVERAGE OF THE PAST DECADE, WHILE PRODUCTIVITY IS UP ALMOST FIVE PER CENT. AFTER A YEAR OF STAGNATION, REAL WAGES HAVE RESUMED THEIR UPWARD PROGRESS - BY AN IMPRESSIVE SIX PER CENT - THUS PROBABLY ASSURING CONTINUE ADEQUATE CONSUMER DEMAND. RELATIVELY HIGH RATES OF PRODUCTION AND PRODUCTIVITY ARE HAVING A BENEFICIAL EFFECT ON THE PRICE SITUATION. ALTHOUGH MANY WAGE

AND PRICE CONTROLS HAVE BEEN REMOVED OR EASED, AND THE PRICE OF IMPORTED OIL AND BASIC MATERIALS HAVE CLIMBED STEEPLY, THE COST OF LIVING INCREASES ARE SO FAR BEING HELD SLIGHTLY BELOW THE RATE OF LAST YEAR, WHICH WAS 19 PER CENT.

8. DUE TO THE ENERGY/RAW MATERIAL SITUATION, THE TRADE DEFICIT THIS YEAR IS WIDENING, AND IT APPEARS PROBABLE THAT YUGOSLAVIA'S COMFORTABLE BALANCE OF PAYMENTS (CURRENT ACCOUNT) SURPLUS OF PAST TWO YEARS WILL CHANGE INTO A MODERATE DEFICIT. NEVERTHELESS, SOME CURRENT ESTIMATES ARE THAT THE NUMBER OF YUGOSLAVS EMPLOYED ABROAD WILL NOT DECREASE MEANINGFULLY AND THAT HARD CURRENCY RECEIPTS FROM THIS SOURCE COULD INCREASE; ON THE OTHER HAND, RECEIPTS FROM TOURISM HAVE NOT REACHED THE LEVELS OF PREVIOUS YEARS AND THE YUGOSLAV PRESS ITSELF HAS REPEATEDLY EXPRESSED CONCERN OVER THE POSSIBILITY OF A PARTICULARLY LARGE DEFICIT.

9. YUGOSLAVIA STILL FACES THE SAME DEVELOPMENT PROBLEMS WITH WHICH IT HAS STRUGGLED FOR MANY YEARS. THERE IS EVIDENCE HOWEVER, OF CONTINUED VIGOROUS EFFORTS TO MASTER THESE PROBLEMS, INCLUDING THE MAXIMUM DEVELOPMENT OF ECONOMIC ACTIVITIES IN WHICH THE COUNTRY ENJOYS A RELATIVE ADVANTAGE. SIMILARLY, THE ENERGY/RAW MATERIAL IMPORT PROBLEM IS BEING TACKLED THROUGH A STRONG CAMPAIGN TO INCREASE YUGOSLAV EXPORTS AND SERVICES TO MIDDLE EASTERN OIL PRODUCERS AND OTHER LESSER DEVELOPED COUNTRIES, AND THROUGH DEVELOPMENT OF THE COUNTRY'S OWN CONSIDERABLE ENERGY AND MATERIAL RESOURCES.

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III. THE POLITICAL SCENE IN 1974

10. THE STRENGTHENING OF THE PARTY'S ROLE AS LEADER IS, TOGETHER WITH THE EXTENSION OF SELF-MANAGEMENT, THE MAIN FEATURE OF THE NEW YUGOSLAV CONSTITUTION (THE FOURTH SINCE 1946) PROMULGATED ON 21ST FEBRUARY. IT IS PRIMARILY DESIGNED TO GIVE THE COUNTRY THE MEANS OF PRESERVING ITS STABILITY ONCE MARSHAL TITO LEAVES THE POLITICAL SCENE: THE HEAD OF STATE MEANS TO LEAVE HIS HEIRS WITH A STRONG PARTY WHICH WILL BE CAPABLE OF MAINTAINING NATIONAL UNITY AND OF COMBATING THE CENTRIFUGAL TENDENCIES WHICH HAVE LONG EXISTED IN THE COUNTRY. THUS, THE AUTHORITY OF THE CENTRAL GOVERNMENT AND OF THE YUGOSLAV COMMUNIST LEAGUE HAD BEEN APPRECIABLY INCREASED. ON TITO'S DEPARTURE, HE WILL BE REPLACED AS HEAD OF STATE BY A COLLEGIAL PRESIDENCY, MORE COMPACT THAN IT WAS INITIALLY SUPPOSED TO BE (EACH REPUBLIC AND AUTONOMOUS PROVINCE WILL BE REPRESENTED BY ONE MEMBER ONLY, THE PRESIDENT OF THE COMMUNIST LEAGUE BEING CO-OPTED EX-OFFICIO).

11. MEANWHILE, THE DECENTRALIZATION OF THE ECONOMY IS CONTINUING; THE NEW CONSTITUTION WILL GIVE EVEN GREATER IMPETUS TO SELF-MANAGEMENT DESPITE THE EVER INCREASING GAP BETWEEN THE THEORETICAL MODEL OF SOCIALIST SELF-MANAGEMENT AND THE REALITIES OF ITS IMPLEMENTATION. EMPHASIS IS PLACED ON THE ADVANCEMENT OF

THE WORKING CLASS AND THE 1974 CONSTITUTION INTRODUCES A CONSIDER-
ABLE NUMBER OF REFORMS DESIGNED TO GIVE THE SELF-MANAGEMENT
WORKER A LEADING ROLE BOTH IN THE ENTERPRISE AND IN THE LEGISLATIVE
BODIES. AMONG THE MORE SIGNIFICANT INNOVATIONS ARE THE FINAL
JETTISONING OF THE PRINCIPLE OF "DEPUTATION" IN FAVOUR OF
"DELEGATION".

12. THESE NEW CONSTITUTIONAL ARRANGEMENTS ARE NO DOUBT JUST
ONE STAGE IN THE LIFE OF THE REGIME AND CONTINUOUS ADJUSTMENTS
WILL NEED TO BE MADE IN ORDER TO FIND AN APPROPRIATE BALANCE
BETWEEN THE POWERS OF THE CENTRAL GOVERNMENT AND THOSE OF THE
REPUBLICS. WHILE THE REPUBLICS AND PROVINCES HAVE BEEN GIVEN A WIDE
MEASURE OF AUTONOMY IN THE HOPE OF DEFUSING THE NATIONALITY ISSUES,
THESE REPUBLICS AND PROVINCES HAVE ALSO BEEN GIVEN THE POLITICAL
RESPONSIBILITY FOR PRESERVING THE YUGOSLAV FEDERATION BY BEING
ASSOCIATED AT FEDERAL ECHELON WITH COMMON DECISION MAKING,
PARTICULARLY IN ECONOMIC AND FINANCIAL MATTERS. DECENTRALIZATION
IS MATCHED, IN ADDITION, BY THE HEAVY CONCENTRATION OF POWER AT
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THE TOP, THE MEMBERS OF THE FEDERAL PRAESIDIUM BEING SIMULTANEOUSLY
INFLUENTIAL MEMBERS OF THE PARTY. THIS EXTREMELY COMPLEX SYSTEM
HAS STILL TO BE PUT TO THE TEST.

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TAGS: PFOR, NATO, YO
SUBJ: NATO INTERNATIONAL STAFF PAPER ON THE SITUATION IN
YUGOSLAVIA

REF: (A) USNATO 3727, (B) STATE 133078 (C) BELGRADE 2981

13. THE TENTH CONGRESS OF THE COMMUNIST LEAGUE WHICH, AS IT WERE, REHABILITATED THE PARTY AND ITS LEADING ROLE IN A SOCIETY WHICH WAS MORE CONCERNED WITH ECONOMIC SUCCESS, SEEMS TO HAVE BEEN THE CULMINATING POINT IN THE CLEANING-UP OPERATIONS OF THE PAST TWO YEARS RATHER THAN THE HARBINGER OF NEW DECISIONS. THE CONGRESS WHICH TOOK PLACE UNDER THE BANNERS OF SELF-MANAGEMENT AND NONALIGNMENT ENDORSED ALL THE REFORMS INTRODUCED IN RECENT MONTHS. "LET NO-ONE NOURISH THE FALLACIOUS HOPE THAT YUGOSLAVIA CAN BE ANY DIFFERENT", SAID THE HEAD OF STATE IN CONCLUDING HIS PROGRESS REPORT. "IT IS IN ITS TRUE COLOURS, INDEPENDENT, SOCIALIST AND NON-ALIGNED, THAT YUGOSLAVIA CAN BEST SERVE THE INTERESTS OF PEACE AND PROGRESS IN THE WORLD". THE NEW STATUTES ADOPTED ON THIS OCCASION PLACED GREATER EMPHASIS THAN AT ANY TIME SINCE 1952 ON "DEMOCRATIC
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CENTRALISM" AS WELL AS THE STRENGTHENING OF PARTY DISCIPLINE. THE ROLE OF THE PARTY AND THE ARMY, AS THE ONLY ALL-YUGOSLAV INSTITUTIONS, HAS BEEN STRENGTHENED IN THE LEADERSHIP STRUCTURE. THE LOCUS OF POWER IS NOW IN THE HANDS OF THE EIGHT MEN REPRESENTED IN BOTH THE SFRY PRESIDENCY AND THE LCY PRAESIDIUM, WITH DOLANC ALSO IN AN IMPORTANT POSITION BECAUSE OF THE ADMINISTRATIVE AUTHORITY HE ENJOYS. WHILE A FEW OLD HANDS DISAPPEARED FROM THE NATIONAL SCENE, A LARGER NUMBER WAS ROTATED INTO NEW POSITIONS IN THE REPUBLICS. MOST NEWCOMERS SHOW UP ON THE CENTRAL COMMITTEE, WHICH IS A BROAD CONSENSUS BODY. THE TENTH CONGRESS OF THE COMMUNIST LEAGUE ALSO STRESSED THE GROWING IMPORTANCE OF THE SLOVENE ELEMENT. THIS HAS BEEN AT THE EXPENSE OF THE CROAT ELEMENT AND COULD LEAD TO A RENEWAL OF NATIONALIST FRICTION. FOLLOWING THE MAIN THEME OF UNITY AND CONTINUITY, THE CONGRESS INSTALLED THE FINAL INSTITUTIONS AND LEADERSHIP IN PREPARATION FOR TITO'S SUCCESSION. BUT YUGOSLAV SOCIETY IN 1974, AS A CONSUMER SOCIETY WITH ITS WINDOW WIDE TO THE WEST IS NO LONGER, AS FAR AS PARTY ACTION IS CONCERNED, THE RELATIVELY MALLEABLE, ECONOMICALLY UNDERDEVELOPED AND POLITICALLY AND CULTURALLY ISOLATED SOCIETY OF THE 50S.

14. THE YUGOSLAV ARMY, AN IMPORTANT FORCE FOR UNITY, IS GAINING AN INCREASING INFLUENCE. ORGANIZATION-WISE, IT IS REMARKABLY HOMOGENIOUS (STRONGLY CENTRALIZED COMMAND, 85 PERCENT OF SENIOR OFFICERS RECRUITED FROM THE WORKER AND PEASANT CLASSES, HIGH-LEVEL OF TRAINING AND A CRASH WEAPONS MODERNIZATION PROGRAMME); ITS POLITICAL BASIS--MARXISM PLUS DETERMINED INDEPENDENCE OF ANY FOREIGN POWER--MAKES FOR CONSIDERABLE COHESION. IT MAY BE ADDED THAT THE POPULATION IS VERY MUCH ATTACHED TO ITS ARMY WHICH PROVIDED THE NUCLEUS OF THE RESISTENCE TO NAZI GERMANY; ITS LINKS WITH THE POPULATION HAVE BEEN STRENGTHENED BY THE INTRODUCTION OF A "ALL PEOPLE'S DEFENCE ORGANIZATION"

WHICH WHEN FULLY IMPLEMENTED IS INTENDED TO KEEP THE WHOLE POPULATION IN A PERMANENT STATE OF READINESS. SO FAR, THE ARMY HAS PROVED EXTREMELY DISCREET AND HAS NEVER INTERVENED IN POLITICAL AFFAIRS. IN THE UNANIMOUS OPINION OF OBSERVERS, HOWEVER, IT WOULD UNDOUBTEDLY GO INTO ACTION IF THE COUNTRY WERE THREATENED BY DISINTEGRATION, WERE TO GO THROUGH A GRAVE CONSTITUTIONAL CRISIS OR STRAYED FROM SOCIALISM. THE STATUTES ADOPTED BY THE TENTH CONGRESS LENT
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SUBSTANCE TO THE GROWING INFLUENCE OF THE ARMED FORCES IN THE PARTY: IN THE NEW CENTRAL COMMITTEE, THE ARMY HAS AS MANY REPRESENTATIVES AS THE PROVINCIAL ORGANIZATIONS OF THE LEAGUE (ABOUT 12 PERCENT OF TOTAL MEMBERSHIP, WHICH IS UNPRECEDENTED) AND THE METHOD OF SELECTION--WHICH WILL NOW BE INDEPENDENT--OF THESE REPRESENTATIVES WILL GIVE IT THE SAME MEASURE OF POLITICAL AUTONOMY.

15. THE YUGOSLAV DEFENCE INDUSTRY CURRENTLY PRODUCES 85 PERCENT OF THE ARMAMENTS USED BY THE NATIONAL FORCES; YUGOSLAVIA WOULD THUS BE SELF-SUFFICIENT IN LIGHT CONVENTIONAL WEAPONRY AND PLANS TO MOVE GRADUALLY INTO THE PRODUCTION OF CERTAIN TYPES OF TECHNICALLY MORE ADVANCED EQUIPMENT. NONETHELESS, IT MUST STILL IMPORT THE MORE SOPHISTICATED ITEMS, PARTLY BECAUSE OF THEIR RELATIVE SHORTAGE OF HARD CURRENCIES, THE YUGOSLAVS TURN TO THE SOVIET UNION FOR MANY OF THESE. HOWEVER, DEFENCE PURCHASES FROM THE WEST ARE MADE ON AN INCREASING SCALE.

IV. FOREIGN POLICY

16. YUGOSLAVIA HAS CONTINUED TO BE ON GOOD TERMS WITH ALL MAJOR POWERS, INCLUDING CHINA. WITH THEIR NEIGHBORS HOWEVER THEY ARE DISPLAYING THEIR USUAL ACUTE SENSITIVITY ABOUT NATIONALITY AND FRONTIER ISSUES, AS THE CONTINUING CONTROVERSY WITH BULGARIA ABOUT MACEDONIANS AND THE REVIVAL OF THE DISPUTE WITH ITALY OVER ZONE B OF THE FREE TERRITORY OF TRIESTE INDICATE. AT LEAST PART OF THE ORIGINS OF THE ATTENTION PAID TO THESE PROBLEMS SHOULD BE FOUND IN THE FIELD OF INTERNAL POLICY.

17. THE RELATIONS WITH THE USSR AND OTHER EAST EUROPEAN COUNTRIES HAVE SHOWN A CONTINUING IMPROVEMENT, WHICH WAS HIGHLIGHTED BY TITO'S VISIT TO KIEV LAST NOVEMBER AND EXCHANGES OF SEVERAL VISITS WITH EAST EUROPEAN COUNTRIES. YUGOSLAV POLICY TOWARDS MOSCOW CONTINUES HOWEVER TO REFLECT THEIR DEEP-ROOTED SUSPICION OF SOVIET INTENTIONS, ALTHOUGH TITO INSISTED IN HIS MID-APRIL SPEECH THAT YUGOSLAVIA "NEED NOT FEAR THE USSR". THE RUSSIANS HAVE NOT GIVEN UP THEIR ULTIMATE AIM OF ESTABLISHING SOME FORM OF CONTROL OVER YUGOSLAVIA, AND THEY NO DOUBT HOPE THAT TITO'S DEPARTURE WILL PRESENT THEM WITH NEW OPPORTUNITIES TO INCREASE THEIR INFLUENCE. AS LONG AS YUGOSLAVIA REMAINS
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REASONABLY COHESIVE, AS LONG AS THERE IS NO MAJOR CHANGE IN THE BALANCE OF POWER IN EUROPE, AND AS LONG AS THE SOVIET POLICY OF DETENTE WITH THE WEST IS MAINTAINED, THEY WILL CONTINUE, HOWEVER, TO PURSUE A RELATIVELY CAUTIOUS POLICY TOWARDS YUGOSLAVIA, OFFERING TRADE AND AID, AS IN THE PAST, AND SEEKING TO INCREASE THEIR INFLUENCE BY INTER-PARTY CONTACTS AND BY CAUTIOUS SUBVERSION.

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IF AT SOME FUTURE DATE THERE WERE A SERIOUS CRISIS IN YUGOSLAVIA THEY WOULD BE TEMPTED TO EXPLOIT THE SITUATION. AND IF THEY BELIEVED THAT SUCH A CRISIS WAS DEVELOPING IN A WAY WHICH POSED A SERIOUS THREAT TO THEIR POSITION ELSEWHERE IN EASTERN EUROPE OR IF THEY SAW ANY POSSIBILITY OF YUGOSLAVIA BEING DRAWN FIRMLY INTO THE WESTERN CAMP THEY WOULD NO DOUBT REACT SHARPLY. BUT THE ARGUMENTS FOR INTERVENTION WOULD PREVAIL ONLY IF THEY WERE PREPARED TO RISK A MAJOR INTERNATIONAL CONFRONTATION.

18. YUGOSLAV OFFICIAL SPOKESMAN AND MEDIA HAVE TEMPORARILY AVOIDED THE EXTREME STATEMENTS AND CRITICISM OF US POLICY WHICH HAVE COMPLICATED BILATERAL RELATIONS. YUGOSLAV OFFICIALS HAVE STRESSED THEIR INTEREST IN AVOIDING IRRITANTS IN BILATERAL

RELATIONS AND CONTINUING A "DIALOGUE". ALTHOUGH ATTACKS ON THE US AND NATO RESUMED AT A HEIGHT OF THE CAMPAIGN AGAINST ITALY OVER ZONE B OF WHAT WAS DEFINED IN THE PARIS TREATY AS THE FREE TERRITORY OF TRIESTE, THEY SUBSIDED FOLLOWING TITO'S

MID-APRIL SPEECH IN SARAJEVO.

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19. YUGOSLAVIA CONTINUED TO BE CLOSELY ASSOCIATED WITH THE NON-ALIGNED MOVEMENT. TITO HAS REPORTEDLY BEEN DEEPLY CONCERNED ABOUT THE LACK OF UNITY IN THE MOVEMENT. VARIOUS TRAVELS BY LEADING YUGOSLAV OFFICIALS, AS WELL AS BY TITO HIMSELF, TO NONALIGNED AND DEVELOPING COUNTRIES IN THE LAST MONTHS HAVE HAD AS PRIMARY OBJECTIVES A BOOSTING OF YUGOSLAVIA'S SLIPPING ROLE IN THE LEADERSHIP OF THE NON-ALIGNED MOVEMENT AND SALVAGING NONAALIGNED UNITY AND SOLIDARITY IN THE WAKE OF THE ENERGY CRISIS. THE ROLE OF YUGOSLAVIA, AND OF THE NON-ALIGNED MOVEMENT IN GENERAL, IN THE MIDDLE EAST CRISIS HAS HOWEVER BEEN NEGLIGIBLE.

22. YUGOSLAVIA'S FORXRWN POLICY ON A WHOLE CONTINUES TO BE GUIDED BY THE DESIRE TO RETAIN ITS INDEPENDENCE TOWARDS EAST AND WEST. THE RELATIONS WITH ITS NEIGHBOURS, AS WELL AS WITH THE MAJOR POWERS, ARE TO SOME EXTENT RELATED TO CONFLICTING TENDENCIES WITHIN THE COUNTRY ITSELF. INTERNAL DIFFICULTIES WITHIN YUGOSLAVIA WILL GIVE OPPORTUNITIES FOR OTHER COUNTRIES, IN PARTICULAR THE SOVIET UNION, TO INCREASE THEIR INFLUENCE, EVEN IF IT IS NOT TO BE EXPECTED THAT THE SOVIET UNION WILL ATTEMPT ANY DIRECT INTERVENTION. ON THE OTHER HAND CONFLICTS WITH ITS NEIGHBOURS MIGHT BE USED BY THE YUGOSLAV LEADERS TO UNITE THE COUNTRY AND TO DISTRACT THE ATTENTION FROM INTERNAL DIFFICULTIES, AND SO TO STIMULATE NATIONAL COHESION.

CONCLUSIONS (1)

21. PREDICTIONS ABOUT YUGOSLAVIA'S FUTURE REMAIN VERY DIFFICULT TO MAKE. NOW THAT THE PARTY CONGRESS HAS BEEN HELD AND THE NEW CONSTITUTIONAL ARRANGEMENTS ARE LARGELY IN OPERATION IT WOULD NOT, HOWEVER, BE UNREASONABLY OPTIMISTIC TO EXPECT THAT THE SUCCESSION TO TITO WILL BE RELATIVELY SMOOTH, EVEN THOUGH NO PARTY SUCCESSOR

(1) SEE ALSO C-M(74)32, PARAGRAPHS 29-33

HAS YET BEEN NAMED. IN THE SHORT-TERM, AT LEAST, TITO'S SUCCESSORS WILL MAINTAIN THEIR COHESION ALTHOUGH THERE MAY BE SOME JOCKEYING FOR POSITION, AND THE MORE LONGER-TERM OUTLOOK MAY BE SOMEWHAT MORE DOUBTFUL GIVEN THE HETEROGENEOUS NATURE OF
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THE COUNTRY AND THE DEEP-SEATED INTER-REGIONAL DIFFERENCES.

22. IT SEEMS THAT THE TIGHTER PARTY DISCIPLINE NOW IMPOSED

WILL CONTRIBUTE TO STABILITY AND THAT THE NEW GOVERNMENTAL INSTITUTIONS MAY ENABLE DISPUTES BETWEEN REPUBLICS TO BE RESOLVED MORE EASILY THAN HITHERTO. BUT YUGOSLAVIA'S ECONOMIC DIFFICULTIES ARE LIKELY TO CONTINUE AND THE ECONOMY WILL PROVIDE A POTENTIAL FOCUS FOR MAJOR DISCONTENT AND DISAGREEMENT AMONG THE REPUBLICS.

23. YUGOSLAV POLEMICS FOLLOWING THE RESURGENCE OF THE QUESTION OF ZONE B OF WHAT WAS DEFINED IN THE PARIS TREATY AS THE FREE TERRITORY OF TRIESTE MAY BE PARTLY DUE TO INTERNAL CONSIDERATIONS. THEY MAY ALSO HAVE BEEN INTENDED AS A DEMONSTRATION, PERHAPS TO OTHER COUNTRIES, OF THE IMPORTANCE THE YUGOSLAVS ATTACH TO THEIR "TERRITORIAL INTEGRITY". PRIMARILY THEY ARE A REFLECTION OF TITO'S DESIRE TO LEAVE A CLEAN SLATE FOR HIS SUCCESSORS WHEN HE DEPARTS THE SCENE.

24. RELATIONS WITH THE SOVIET UNION HAVE CONTINUED TO SHOJOQBEADY IMPROVEMENT COMMENCED IN 1971 BUT THE YUGOSLAVS WILL REMAIN WARY OF SOVIET INTENTIONS. FOR THEIR PART, THE SOVIETS ARE LIKELY TO CONTINUE THEIR RELATIVELY CAUTIOUS POLICY TOWARD YUGOSLAVIA, HOPING, NO DOUBT, THAT OPPORTUNITIES FOR INCREASING INFLUENCE WILL ARISE IN THE FUTURE. TITO, AS WELL AS HIS PROSPECTIVE SUCCESSORS, WILL HOWEVER SEEK TO PRESERVE YUGOSLAVIA'S INDEPENDENCE, AND WILL WISH, FOR BOTH ECONOMIC AND POLITICAL REASONS, TO MAINTAIN GOOD RELATIONS WITH BOTH THE SOVIET UNION AND THE WEST. THEIR ABILITY TO MAINTAIN THEIR PRESENT DEGREE OF INDEPENDENCE WOULD, HOWEVER, BE SEVERELY LIMITED IF THERE WERE A SHIFT IN THE BALANCE OF POWER IN EUROPE IN FAVOUR OF THE SOVIET UNION.

END TEXT. MCAULIFFE

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